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Chief Executive Officer

November 9, 2007

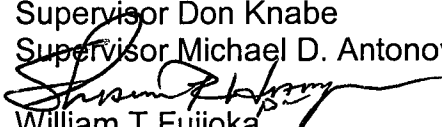
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To: Supervisor Zev Yaroslavsky, Chairman
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From: 
William T Fujioka
Chief Executive Officer

APPROVAL OF DEPARTMENT OF MENTAL HEALTH AGREEMENT WITH USC CARE MEDICAL GROUP, INC., OF THE UNIVERSITY OF SOUTHERN CALIFORNIA, TO PROVIDE AN URGENT CARE CENTER PROGRAM (ITEM NO. 50, AGENDA OF NOVEMBER 13, 2007)

Item Number 50 on your Board's November 13, 2007 agenda is the Department of Mental Health's (DMH) recommendation to approve an agreement with USC Medical Group, Inc., of the University of Southern California (USC) to provide an Urgent Care Center (UCC) program at the Los Angeles County + University of Southern California Medical Center (LAC+USC). This UCC program would further implement the DMH Mental Health Services Act (MHSA) – Community Services and Supports (CSS) Plan for Alternative Crisis Services.

This DMH recommendation has been continued from earlier Board agendas, in part, pending receipt of our joint report, with DMH and the Department of Health Services (DHS), on their plan for psychiatric services. That report was requested by your Board in response to the DHS proposal to eliminate psychiatric services as one component of their deficit reduction plan. The continuation of this item was also requested to allow us additional time to work with union representatives on their concerns regarding the proposed LAC+USC UCC.

This memorandum provides: additional information on the proposed LAC+USC UCC; progress of discussions to date on the psychiatric services report and, specifically, the component which we believe is relevant to your Board's consideration of this DMH recommendation, the LAC+USC psychiatric emergency room; and information regarding concerns raised by union representatives.

MHSA-CSS Plan for Alternative Crisis Services: Urgent Care Centers

While consideration of this DMH recommendation has been delayed pending our joint report, the need for this alternative crisis service component was identified and endorsed much earlier, and separately, as part of DMH's extensive stakeholder process in developing the comprehensive plan for use of the first funding component from under MHSA.

Further, the Board-approved Psychiatric Emergency Services (PES) Relief Plans, from November 2004 and July 2005, also included development of UCCs strategically located throughout the County, designed to relieve the overcrowding of the County PES, and to provide community-based alternatives to hospitalization for individuals in crisis who could be stabilized with intensive outpatient services. In addition, intensive crisis services and integrated treatment for co-occurring disorders to individuals who would otherwise be brought to DHS hospital Psychiatric Emergency rooms would be available. These individuals are less likely to require psychiatric hospitalization or medical care, but are in need of medication management, stabilization, and linkage to ongoing community-based services.

The proposed UCC at LAC+USC will be the fifth UCC, and it will be funded under the MHSA CSS Alternative Crisis Services Plan. Currently, DMH has four UCC's in operation, two are directly operated by DMH staff (Augustus F. Hawkins UCC in the Second Supervisorial District and Olive View UCC in the Fifth Supervisorial District) and two are operated by DMH contractors (Telecare Mental Health located in the Fourth Supervisorial District and the Westside UCC located in the Third Supervisorial District).

The LAC+USC UCC is proposed as an augmentation of the LAC+USC continuum of outpatient services, and it represents a unique model which includes both County collaboration between DHS and DMH, as well as private sector collaboration with the USC-affiliated medical group. The UCC is expected to relieve the increasing demand for services at the LAC+USC PES. Furthermore, it is anticipated that the UCC will result in a reduction in the length of stay of three to five hours per client, a reduction in waiting periods for clients currently waiting up to eleven hours to one hour among those whose needs can be met by the UCC, and reduction in hospitalization rates and lengths of stay among those clients who can be successfully linked to community based providers.

USC Care Medical Group (USC Care), Inc., an entity of USC, has been selected to operate the UCC at LAC+USC. USC Care is uniquely qualified to provide the UCC program in that USC staff currently provide inpatient and outpatient mental health services at LAC+USC under contract with DHS and an affiliated residency and training program. A key element of the LAC+USC UCC will be to ensure integration with other services at the Medical Center as well as with the larger community of mental health providers, including the recently implemented MHSA-funded programs, such as Full Service Partnerships. The UCC program will also include internships and residency training in community psychiatry and urgent care services for psychiatrists and psychologists, as well as training opportunities for social work, nursing rehabilitation, and other professions.

Report on DMH and DHS Plan for Psychiatric Services

On June 18, 2007, your Board instructed the Directors of Health Services and Mental Health to present a full report on the Departments' plans with regard to mental health services in our public hospitals and the current status of psychiatric emergency services in County facilities, including staffing, bed availability, average daily census, and the number of persons turned away due to capacity limitations. This instruction was in response to significant concerns regarding the proposal, included in the DHS Fiscal Outlook and Health Department Budget Committee of the Whole report, to eliminate psychiatric services as part of the DHS proposed budget deficit mitigations.

Since the DMH UCCs work most effectively in conjunction with available psychiatric emergency services, the potential closure of psychiatric emergency services at LAC+USC would have a significant impact on the proposed LAC+USC UCC. At this point in our discussions, we are not considering a proposal to close the psychiatric emergency room at LAC+USC and it remains a component in the LAC+USC Replacement Facility plan.

Therefore, we continue to recommend that the Board approve the DMH UCC at LAC+USC, so that implementation may move forward on this MHSA-funded program, as we work with DHS and DMH on the various components of the comprehensive psychiatric emergency services plan.

Despite the continuing discussions regarding the potential need to curtail some DHS psychiatric services as part of the comprehensive planning process to address the DHS budget deficit, we believe that it is important that additional services, funded by other revenue streams, be implemented as soon as possible, so that clients of both Departments may be better served. These services have been taken into consideration during our discussions on the comprehensive psychiatric services plan.

While we have continued to work with DHS and DMH to prepare the report requested by your Board, those efforts have been constrained by the recent changes in the budget for both Departments and their respective efforts to first develop overall budget deficit mitigation plans, since those would clearly have an impact in this specific area. Attachment I reflects information from those discussions.

Therefore, we continue to believe that the comprehensive report back must be provided in the context of the budget deficit mitigation plans currently being developed by both DHS and DMH. The report back will include the most current data available at that time for the current status of Psychiatric Emergency Rooms at the County facilities, including staffing, bed availability, and average daily census.

As previously reported to your Board, both DHS and DMH anticipate providing their deficit mitigation plans to your Board by December 2007.

Union Concerns

In our discussions with representatives of Service Employees International Union (SEIU) Local 721, concerns were raised regarding: 1) the use of a private contractor rather than County employees; 2) review of data which did not indicate a drop in psychiatric emergency room visits as a result of UCC implementation; 3) the apparent "urgency" of the need to move forward with the LAC+USC; and 4) the need to consider the LAC+USC in the context of the comprehensive psychiatric services plan. While we acknowledge these concerns, we believe the information provided above and in the Board Letter for Item Number 50 appropriately address those concerns.

As indicated above, the existing UCCs have been implemented using a both the directly operated model and the contracted model, and this fifth UCC presents a unique model involving two County Departments and a private provider. As indicated above and in the Board letter for Item Number 50, the use of this USC entity is justified because of the existing working relationship between USC and DHS at LAC+USC. DMH has also expressed concerns about the difficulties they have had recruiting County employees for these clinical positions. While DMH continues to work with our office and the Department of Human Resources to address recruitment and retention issues, they did not want those issues to delay implementation of the LAC+USC UCC.

DMH and USC representatives indicated that the use of psychiatric emergency room visits as a measure of UCC effectiveness or need was not appropriate. In many cases, psychiatric patients are first seen at the psychiatric emergency rooms in order to confirm that there is no underlying or related medical condition requiring attention. Following that assessment, patients are often referred to the UCC, for services as noted above. The

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more appropriate measure is length of stay, or time spent in the psychiatric emergency room, and DMH and USC representatives have noted a positive impact in that area.

Also as indicated above, the DMH proposals for UCCs were developed over several years and, most recently, included in the stakeholder-approved MHSA CSS plan. DMH has been working with the USC Care Medical Group, Inc. for a number of months in order to implement this critically needed program. This progress was, unfortunately, delayed because of the timing of the DHS budget mitigation proposal. Inasmuch as we have clarified the current status of the discussion regarding LAC+USC psychiatric emergency room services, we do not believe that this proposal should be delayed further as we work with DMH and DHS on the comprehensive report.

If you have questions or need additional information, please contact me, or your staff may contact Sheila Shima, Deputy Chief Executive Officer, Health and Mental Health Services, at (213) 974-1160.

WTF:SRH:SAS
DJ:DS:lbm

Attachment

c: Executive Officer, Board of Supervisors
County Counsel
Director of Health Services
Director of Mental Health

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**Psychiatric Services Provided by the Departments of Health Services
and Mental Health**

The Departments of Health Services (DHS) and Mental Health (DMH) have, for a number of years, attempted to address the funding gap between the cost to DHS of providing psychiatric services and the reimbursement provided by DMH for those services. Over those years, the service demands and costs have continued to grow and available funding has not been sufficient to meet the service needs.

In order to address concerns regarding how cost calculations and estimates were developed and what those calculations included, the Chief Administrative Office (now Chief Executive Office) worked with DHS and DMH to reach agreement on a reimbursement methodology, which is based on the Schedule for Maximum Allowances (SMA), which the State uses for Medi-Cal payments. Using this methodology, the level of reimbursement owed to DHS by DMH for services to indigent patients will be the same as the State provides for Medi-Cal patients.

DHS indicates that, in FY 2005-06, the cost of psychiatric services provided by DHS adjusted to the Schedule of Maximum Allowance (SMA) was approximately \$84 million, while the total funding received for these services was approximately \$42 million, and in FY 2006-07, the cost these services adjusted to SMA was approximately \$87 million, while the total funding received for these services was approximately \$43 million.

In continuing to develop the comprehensive psychiatric services plan, DHS and DMH will continue to collaborate to identify opportunities to increase the effectiveness and efficiency of existing services, identify new initiatives to decompress psychiatric emergency and inpatient services that do not require additional funding, identify opportunities to leverage existing or new funding, and determine the level of additional resources needed to maintain core psychiatric services provided by DHS. To this end, a small task force will be established immediately to continue to focus on the service delivery changes that are a necessary part of this change.

Mental Health Services Currently Provided by DHS

Outpatient

DHS currently operates an outpatient mental health clinic at LAC+USC Medical Center. As outlined below, DHS and DMH are working on the transfer of the operations of the LAC+USC outpatient clinic from DHS to DMH.

Inpatient

DHS provides acute inpatient psychiatric services at LAC+USC Medical Center, Harbor-UCLA Medical Center, and Olive View-UCLA Medical Center.

Acute inpatient psychiatric services had been provided by MLK-Harbor Hospital at Augustus F. Hawkins Community Mental Health Center until December 15, 2006. At that time LPS designation was withdrawn from MLK-Harbor Hospital as a result of the Hospital's reconfiguration into a community hospital under the MetroCare implementation plan. The inpatient beds that had been operated by MLK-Harbor were transferred to LAC+USC Medical Center. LAC+USC Medical Center assumed operation of the inpatient psychiatric beds at Augustus F. Hawkins on December 15, 2006.

There are 151 psychiatric inpatient beds, and approximately 40 percent of DHS psychiatric inpatient beds are occupied by patients on administrative days. These patients do not require the acute level of care and can more appropriately be served in a lower level of care setting.

Psychiatric Emergency Rooms

DHS provides psychiatric emergency room services (PES) at LAC+USC Medical Center, Harbor-UCLA Medical Center, and Olive View-UCLA Medical Center.

The psychiatric emergency room was closed at MLK-Harbor Hospital on December 1, 2006, as part of the transition to a community hospital under the MetroCare implementation plan. Since December 1, 2006, patients at the MLK-Harbor emergency room on a 5150 hold are transferred to other mental health and/or medical facilities with LPS designation including the three DHS LPS designated medical centers.

Proposed Plan for the Future Provision of Mental Health Services at County Hospitals

DHS and DMH agree that any comprehensive planning for future psychiatric service program changes are based on shared goals and understanding among all stakeholders involved. To this end, the department has reached agreement on the following psychiatric service program changes.

Outpatient

DHS and DMH are working on the transfer of the operations of the LAC+USC outpatient clinic from DHS to DMH. The proposed DMH-managed clinic will employ a multi-disciplinary staffing model consistent with current best clinical practices and will

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develop linkages with the wide array of other community programs that are available to DMH clients. The clinic will remain on the LAC+USC Medical Center campus. DMH proposes to create an integrated treatment center focused on care for clients of all ages in the context of their family and social support systems. This innovative program, LAC+USC Family-Focused Treatment Services (FFTS), is designed to provide a model center for the delivery of care and the education and training of a variety of mental health specialists, including psychiatrists, psychologists, social workers, and other disciplines

The foundation of this model of service delivery will be the interdisciplinary Family-Focused Teams. The program will be composed of an Administrative Support Team and two Care Coordination Teams. The proposed Administrative Support Team will include a Mental Health Clinical Program Head, 2 Senior Typist Clerks, 1 Health Information Associate, and an Intermediate Typist Clerk. The proposed Care Coordination teams will be led by a licensed psychiatric social worker and a licensed clinical psychologist. Each team will include 2 psychiatrists, 5-6 psychiatry residents, 2 Psychiatric Social Workers, 1.5 Full Time Equivalent Patient Resource Workers, an Intermediate Typist Clerk, and a Recreational Therapist or Senior Community Worker. A Clinical Nurse will be available to both teams for clinical consultation.

Inpatient

DMH and DHS recommend that DMH purchase acute inpatient psychiatric services from DHS using SMA effective July 1, 2008. The number of actual inpatient beds operated by DHS will be dependent on the level of DMH funding. It is projected that DHS can reduce inpatient beds by 41% (from the current average daily census of 151 psychiatric inpatient beds to 85 beds) without reducing the level of acute psychiatric inpatient services it provides. Approximately 40% of DHS psychiatric inpatient beds are occupied by patients on administrative days. Patients on administrative days are considered not acute, but in need of a lower level of service.

DMH will use MHSA funding to increase the number of lower level of care beds (e.g., IMD step-down) to ensure DHS is able to transfer patient's no longer needing acute care to an appropriate lower level of care setting. Treating patients in the most appropriate setting will provide for a clinically more appropriate and cost effective service delivery system.

Psychiatric Emergency Rooms

DHS and DMH are continuing to discuss the level of need for emergency room services for psychiatric patients. The Departments are working together to implement a number of initiatives to decompress the psychiatric emergency rooms and to direct patients to the most appropriate level of care. These initiatives include opening a Psychiatric Urgent Care Center (UCC) on the LAC+USC Medical Center campus; expanding hours of operation at

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all UCC's to 24 hours per day, seven days a week; obtaining LPS designation for all UCC's; enhancing triage at the psychiatric emergency rooms to refer appropriate patients to UCC's; working with law enforcement agencies to end the current practice of law enforcement's use of DHS emergency rooms as the primary default location for LPS evaluations; developing options to divert patients from the DHS psychiatric emergency rooms when they are at full capacity and inpatient psychiatric beds are not available; and conducting joint departmental utilization reviews to identify patients in DHS hospitals who are candidates for lower level of care settings.